

Message Text

CONFIDENTIAL

PAGE 01 KINGST 05997 01 OF 02 311837Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
DOE-15 SOE-02 /110 W
-----025783 311916Z /46

P 311715Z JUL 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC PRIORITY 2604
INFO USDOC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 KINGSTON 5997/1

E.O. 11652: GDS
TAGS: EINV, JM
SUBJECT: STATE/COMMERCE INVESTMENT MISSION TO JAMAICA: CONVERSATION
WITH PRIME MINISTER MANLEY

REF: KINGSTON 5920

1. BEGIN LIMITED OFFICIAL USE: SUMMARY: ACCOMPANIED
BY AMBASSADOR IRVING AND ECDA DIRECTOR LION, STATE/COMMERCE
TEAM HEADED BY DAS ARELLANO PAID COURTESY CALL ON PRIME
MINISTER MANLEY. DURING FORTY-MINUTE CONVERSATION MANLEY
WAS RELAXED, GOOD-HUMORED, AND READY TO LISTEN TO VISITORS'
COMMENTS. IN RESPONSE TO ARELLANO'S GENERAL OBSERVATIONS
ABOUT JAMAICAN SCENE, MANLEY: (1) STATED THAT GOJ WELCOMES
FOREIGN INVESTMENT; (2) RECOGNIZED NEED FOR BALANCE IN
HIS PUBLIC REMARKS BETWEEN PRIVATE ENTERPRISE AND STATE
OWNERSHIP OF CERTAIN KEY SECTORS, BUT RETORTED THAT HIS
ADDRESSES HAVE BEEN DISTORTED BY OPPOSITION AND THE PRESS;
AND (3) ASSERTED THAT GOVERNMENT PARTY AND OPPOSITION BOTH
AGREE THAT THERE IS ROOM FOR PRIVATE ENTERPRISE IN JAMAICA.
END SUMMARY.

2. ON JULY 27 STATE/COMMERCE TEAM HEADED BY DAS
ARELLANO, ACCOMPANIED BY AMBASSADOR IRVING AND ECDA
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINGST 05997 01 OF 02 311837Z

DIRECTOR LION, PAID COURTESY CALL ON PRIME MINISTER MANLEY.
ALSO PRESENT DURING FORTY-MINUTE MEETING WERE COMMERCE
AND INDUSTRY MINISTER DANNY WILLIAMS, COMMERCE PERMANENT
SECRETARY WARREN WOODHAM AND PRIME MINISTER'S PERMANENT
SECRETARY GORDON WELLS.

3. IN RESPONSE TO OPENING QUESTION FROM PRIME MINISTER,

ARELLANO REPORTED TEAM HAD BEEN HAVING SUBSTANTIVE TALKS WITH GOVERNMENT AND PRIVATE SECTOR REPRESENTATIVES AND THAT CONVERSATIONS WERE CONSTRUCTIVE AND CANDID. MANLEY STATED THAT HE ATTACHED GREAT IMPORTANCE TO TEAM'S VISIT AND HOPED THAT IT WOULD CLEAR AWAY MISUNDERSTANDING THAT JAMAICA HAD NEGATIVE ATTITUDE TOWARD FOREIGN INVESTMENT. HE SAID THIS MISCONCEPTION AROSE FROM FACT THAT CERTAIN THIRD WORLD COUNTRIES INCLUDING JAMAICA HAD SUPPORTED NIEO AND THEREBY RECEIVED REPUTATION OF OPPOSING FOREIGN INVESTMENT. THIS PERCEPTION, HE STATED, WAS INCORRECT; JAMAICA WELCOMED FOREIGN INVESTMENT. HE ADDED, HOWEVER, THAT GOJ RECOGNIZED ELEMENTS MUST BE PRESENT IN CLIMATE IN ORDER TO ATTRACT SUITABLE FOREIGN INVESTORS. HE EXPRESSED HOPE THAT TEM COULD PLAY ROLE IN CHANGING OUTSIDE WORLD'S PERCEPTION OF JAMAICA.

4. ARELLANO NOTED THAT USG HAS ONLY LIMITED ABILITY TO INFLUENCE PRIVATE INVESTMENT DECISIONS. FOREIGN INVESTORS CARE
LITTLE ABOUT NIEO, HE CONTINUED; MOST IMPORTANT TO THEM WOULD BE A GOJ COMMITMENT TO CLARIFY RULES AND PROVIDE STABLE AND SECURE CLIMATE FOR PRIVATE INVESTMENT. MANLEY SPOKE AT LENGTH ON NEED FOR STABILITY IN POLITICAL SYSTEM, NOTING THAT BEYOND THE QUESTION OF PRESENT GOVERNMENT CLARIFYING RULES, BOTH GOVERNMENT AND OPPOSITION AGREE THAT FOREIGN INVESTMENT IS NEEDED AND DESIRED.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINGST 05997 01 OF 02 311837Z

CHANGE IN POWER WOULD NOT CHANGE BASIC EQUATIONS, HE ADDED.

5. ARELLANO RAISED QUESTION OF WHETHER PRESENT SYSTEM OF INCOME TAXATION PROVIDES DISINCENTIVE TO FOREIGN BUSINESSMEN AND NOTED THAT TEAM HAD BEEN INFORMED THAT GOJ WAS CONSIDERING PACKAGE OF REFORMS. HE SUGGESTED THAT IN CONSIDERING REFORMS TO INTRODUCE, GOJ BEAR IN MIND WHETHER LIBERALIZED INCOME TAX SYSTEM MIGHT ENHANCE PRESENT SYSTEM OF FISCAL INCENTIVES OFFERED FOREIGN INVESTORS. QUESTION WAS WHETHER GOJ DESIRED TEN-YEAR COMMITMENT FROM INVESTORS, OR A LONGER TERM COMMITMENT THAT MIGHT BE OBTAINABLE THROUGH LESS CONFISCATORY INCOME TAXES. MANLEY ACKNOWLEDGED THAT THERE MIGHT BE MERIT TO THIS ARGUMENT AND NOTED THAT IT MIGHT ALSO BE MORE PALATABLE TO DOMESTIC POLITICAL SYSTEM; TURNING TO WILLIAMS, HE SUGGESTED THIS COULD BE LOOKED INTO.

6. ARELLANO NEXT DEVELOPED THEME THAT JAMAICA MIGHT WISH TO ATTRACT YOUNGER PEOPLE FROM ABROAD, ESPECIALLY THOSE WITH ENTREPRENEURIAL TALENT. MANLEY RESPONDED BY NOTING THAT SEVERAL YEARS AGO JAMAICA FELT IT HAD NO NEED FOR FOREIGN ASSISTANCE BUT NEEDED TO AND COULD RELY ON ITS OWN RESOURCES. LATELY, HOWEVER, COUNTRY FELT LESS NEED

FOR SELF ASSERTION IN THIS RESPECT AND BELIEVED IT COULD NOW ABSORB FOREIGN INVESTORS. HE ADDED IT WAS HIS STRONG BELIEF THAT JAMAICA WAS ON VERGE OF DRAMATIC ECONOMIC TAKE-OFF AND THAT FOREIGN INVESTMENT COULD PLAY IMPORTANT ROEL IN THAT DEVELOPMENT.

7. MANLEY AND ARELLANO DISCUSSED POSSIBLE VIST OF BUSINESS GROUP SPONSORED BY COMMITTEE FOR THE CARIBBEAN AS FOLLOWUP TO GOVERNMENT MISSION. MANLEY INDICATED KEEN INTEREST ABOUT TIMING OF VISIT AND ASKED SPECIFICALLY WHEN IT WOULD TAKE PLACE. ARELLANO RESPONDED THAT IT WOULD TAKE PLACE AS SOON AS POSSIBLE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 KINGST 05997 02 OF 02 311857Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
DOE-15 SOE-02 /110 W

-----025887 311915Z /46

P 311715Z JUL 78

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 2605

INFO RUEHDC/USDOC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 2 OF 2 KINGSTON 5997/2

8. MANLEY SAID THAT KEY FACTOR IN IMPROVING JAMAICAN INVESTMENT CLIMATE WAS CHANGING PERCEPTION OF COUNTRY ABROAD. ARELLANO SUGGESTED THAT IN HIS PUBLIC ADDRESSES MANLEY GIVE MORE STRESS TO NEED FOR PRIVATE ENTERPRISE. MANLEY RESPONDED THAT HE HAD DONE THIS ON MANY OCCASIONS, BUT IN EACH CASE PRESS HAD GIVEN PROMINENCE TO HIS THIRD WORLD AND SOCIAIST RHETORIC. AMBASSADOR INTERJECTED, DISAGREEING THA MANLEY'S SPEECHES WERE BALANCED ON THESE ISSUES, AND NOTED THAT IN FACT DOMINANT THEME WAS IMPRIALSM - WHICH PEOPLE INTERPRET TO MEAN ECONOMIC IMPERIALISM. MANLEY RESPONDED THAT GOJ PERFORMANCE WAS AS IMPORTANT AS ITS RHETORIC AND NOTED THAT ON THIS SCORE ITS RECORD WAS GOOD. WHILE DISPUTES WITH BAUXITE COMPANIES WERE SPECIAL CIRCUMSTANCES THIS HISTORY WAS NOW BEHIND THEM, HE NOTED. PROBLEM, ACCORDING TO MANLEY, WAS FACT THAT OPPOSITION'S "CALCULATED PROPAGANDA" MISREPRESENTED WHAT GOVERNMENT STOOD FOR.

9. ARELLANO NOTED MANLEY'S INSISTENCE ON WORKER PARTICIPATION AND OWNERSHIP AND NOTED THAT CONCEPT HAD STRONG SUPPORT OF SEVERAL PROMINENT PEOPLE IN U.S. INCLUDING SENATOR RUSSELL LONG. BUT WHY, IF MANLEY WAS INDEED DETERMINED TO PURSUE "SOCIALISM", ARELLANO INQUIRED, HAD
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINGST 05997 02 OF 02 311857Z

GOJ NOT CONSIDERD YUGOSLAV MODEL INSTEAD OF WHAT SOUNDED MORE LIKE THE BULGARIAN VARIANT WHICH EMPHASIZES STATE AS OPPOSED TO WORKER OWNERSHIP. MANLEY RESPONDED THAT JAMAICA WAS NOT STATE-OWNED COUNTRY, AND GOVERNMENT WAS ONLY INTERESTED IN ACQUIRING CERTAIN "COMMANDING HEIGHTS" OF ECONOMY SUCH AS PUBLIC UTILITIES. HE ACKNOWLEDGED, HOWEVER, THAT GOVERNMENT WOULD FILL VACUUM IF PRIVATE SECTOR FAILED TO ACT. HE ADDED THAT GOVERNMENT WAS TAKING FLEXIBLE APPROACH TO QUESTION OF WORKER PARTICIPATION, INDEED FOLLOWING YUGOSLAV AND SCANDINAVIAN MODELS IN CERTAIN SECTORS, WHILE IN OTHERS (E.G. SUGAR INDUSTRY) PURSUING COOPERATIVE ROUTE.

10. CONTINUING THEME OF JAMAICA'S PERCEPTION ABROAD, AMBASSADOR NOTED THAT DURING HIS DECEMBER 1977 MEETING WITH MANLEY, PRESIDENT CARTER HAD SPOKEN OF SMALL FACTORS AFFECTING JAMAICA'S IMAGE. AMBASSADOR NOTED THAT WIDE-SPREAD MISCONCEPTION IF INDEED A MISCONCEPTION ABOUT JAMAICA'S ECONOMIC POLICIES COULD PERHAPS HAVE COME FROM RAPIDITY WITH WHICH GOJ MOVED INTO PRIVATE SECTOR WHEN IT BELIEVED THE PRIVATE BUSINESS FAILED TO STEP IN. DIRECTOR LION REMARKED THAT WORD "STATE" IN GOJ STATE TRADING COMPANY'S TITLE, FOR EXAMPLE, COULD HAVE ADVERSE EFFECT ON INVESTOR'S PERCEPTIONS. MANLEY ACKNOWLEDGED THE POINT, BUT THEN WENT ON TO SPEAK EMOTIONALLY ABOUT THE NEED TO GIVE JAMAICAN PEOPLE A SENSE OF MISSION, ADDING THAT IN HIS MIND, GREATNESS OF AMERICA CAME FROM ITS STRONG IDEOLOGY. MANLEY STATED THAT HE COULD NOT AND WOULD NOT DO ANYTHING TO UNDERMINE HIS EFFORTS IN THIS RESPECT. ARELLANO ARGUED IN RESPONSE THAT SENSE OF MISSION WAS GOOD IDEA, BUT NOT IN WAY PURSUED BY GOJ; BETTER APPROACH WOULD BE FOR GOJ TO ALLOW FAMAICANS HOPE FOR BETTER LIFE THROUGH THE ENTERPRISE SYSTEM. WHEN MANLEY NOTED THAT HOPE OF PLENTY WAS OUT OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINGST 05997 02 OF 02 311857Z

QUESTION FOR JAMAICA, ARELLANO REPLIED THAT IMPORTANT POINT IS TO GIVE EACH INDIVIDUAL A SHARE IN GROWING ECONOMY. CONVERSATION ENDED ON HIGH POINT AS MANLEY APPEARED TO

ACCEPT THIS THOUGHT, BUT STRESSED THAT JAMAICANS NEED
SENSE OF COLLECTIVITY. END LIMITED OFFICIAL USE.
BEGIN CONFIDENTIAL.

10. COMMENT: MANLEY CLEARLY WAS OFF HIS FEED. ALTHOUGH
THE INTERVIEW LASTED FORTY MINUTES INSTEAD OF THE SCHEDULED
TWENTY, THE PM DIDN'T PERFORM WITH HIS REPUTED BRILLIANCE.
ACT WAS BRITTLE IN PLACES. TEAM WAS UNCONVINCED OF A
FUNDAMENTAL CHANGE IN THE LEOPARD'S SPOTS. END
CONFIDENTIAL.
IRVING

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRIME MINISTER, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINGST05997
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780313-0636
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978074/aaaaadda.tel
Line Count: 235
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2c613570-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 KINGSTON 5920
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1945399
Secure: OPEN
Status: NATIVE
Subject: STATE/COMMERCE INVESTMENT MISSION TO JAMAICA: CONVERSATION WITH PRIME MINISTER MANLEY
TAGS: EINV, JM, STATE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2c613570-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014